

MOTION BY MAYOR MICHAEL D. ANTONOVICH

MAY 24, 2011

HOSPITAL QUALITY ASSURANCE FEE

On September 8, 2010, the Governor signed AB 1653 (Jones), which implemented the hospital quality assurance fee (hospital provider fee) in California, for the period April 1, 2009 through December 31, 2010. This fee is designed to provide supplemental Medi-Cal revenue through a number of different mechanisms. Under this program, the Department of Health Services (DHS), which operates "designated public hospitals", received additional payment, in three ways: 1) through a direct grant; 2) increased payments for psychiatric hospital services; and 3) managed care rate increases.

On April 13, 2011, the Governor signed SB 90 (Steinberg), which continued the hospital provider fee for the period January 1 through June 30, 2011. In this six-month fee, the only available participation for designated public hospitals is in the managed care component, which will be financed by Intergovernmental Transfers (IGTs). In the previous seven quarters, the non-federal funds for the managed care capitation rate increase were obtained from the provider fee).

On May 19, 2011, the California Department of Health Care Services (CDHCS) distributed a letter, dated May 18, informing designated and non-designated public hospitals that, if they want to participate in the program and receive supplemental revenue, binding letters of commitment to participate in the voluntary IGT program must be received in Sacramento by June 1, 2011.

After necessary approvals are received, the County will then send the IGT payments to the CDHCS, which will match them with federal funds, and provide it to DHS through additional managed care payments from L.A. Care and Health Net, the two Medi-Cal managed care plans in Los Angeles County.

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RIDLEY-THOMAS	_____
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The initial estimate is that the County will provide total IGTs of \$4.6 million, which will generate managed care supplements of \$10.7 million, for a net of \$6.1 million in supplemental revenue.

The Department of Health Services received this notice with insufficient time to file it for the regular Board agenda. Thus, DHS is requesting approval to move forward with this IGT commitment.

I, THEREFORE, MOVE that the Board of Supervisors:

1. In an exercise of its voluntary discretion, delegate authority to the Director of Health Services, or his designee, to prepare and sign binding commitment letter(s), to make Intergovernmental Transfer(s) to help finance health improvements for Medi-Cal beneficiaries in Los Angeles County, as a component of the hospital quality assurance fee in an amount not to exceed five million dollars (\$5,000,000); and
2. Delegate authority to the Director of Health Services, or his designee, to sign any agreements with the California Department of Health Care Services necessary to implement the IGTs and receive the resulting payments, subject to review and approval by the Chief Executive Office and County Counsel, and notification of the Board.

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